

TANF funds may be used more flexibly than the former AFDC funds to support a variety of programs and services to assist needy families. Also, the state has flexibility to determine which families qualify and services that will be funded. Because Montana had substantial amounts of funds in a "reserve fund" the 2001 Legislature appropriated funding for a number of innovative programs. When the TANF caseload and associated cash assistance costs increased, DPHHS reduced or discontinued funding to most of these programs in order to have adequate funds available to provide cash assistance benefits. Since August of 2003 when cash assistance benefit payments were reduced, a reserve of TANF funds has once again accumulated. DPHHS estimates a reserve of about \$22 million will exist at the end of the 2005 biennium. However, DPHHS projections also estimate that expenditures and transfers of the federal TANF grant during the 2007 biennium (including the transfer of almost \$20 million to child care) will exceed the federal grant awards for those years and result in depletion of the estimated fiscal 2005 reserve.

In accordance with the federal TANF regulations, a tribe may choose to have its members receive services through the state TANF plan or a tribe may choose to operate its own TANF plan. In Montana, three tribes, the Confederated Salish and Kootenai, the Fort Belknap Indian Community, and the Chipewewa Cree at Rocky Boy, have chosen to implement a tribal TANF plan.

When a tribe implements a TANF plan, the state's federal grant and maintenance of effort requirement are reduced. Section 53-4-210, MCA, governs the provision of a portion of the state maintenance of effort funds to tribes operating a tribal TANF plan, and provides that \$100,000 general fund from existing appropriations be transferred to new tribal TANF plans each fiscal year of the biennium following implementation of the tribal TANF plan.



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LEGISLATIVE FISCAL DIVISION



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FOCUS ON... TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

Fiscal Pocket Guide



"TANF is the federal Temporary Assistance for Needy Families Block Grant."

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TANF is the federal Temporary Assistance for Needy Families Block Grant. This grant supports public assistance programs for needy families.

TANF was created in 1996 by the federal Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA). This act is commonly known as “welfare reform”. TANF replaced the program formerly known as the Aid to Families with Dependent Children (AFDC).

Under the TANF program states receive a set level of federal funding to support public assistance programs. Montana’s annual federal grant is about \$42 million. In order to receive the federal funds, a state must continue to expend state and local resources at a level known as the “maintenance of effort” or “MOE”. Montana’s annual MOE is about \$14 million.

States must also meet other federal requirements including:

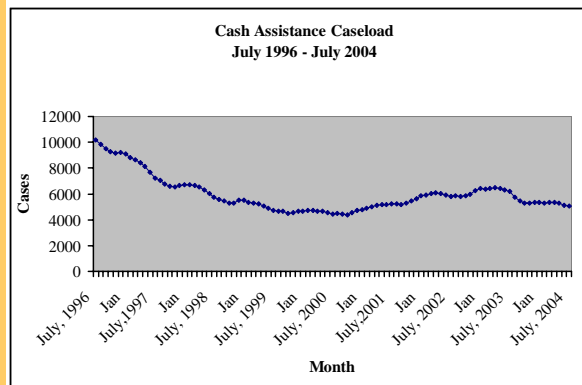
- Work participation rates
- Data reporting requirements
- Limiting beneficiary to a maximum 60 months per lifetime of benefits
- Assignment of child support to the state by the beneficiary

Funds must be expended to achieve one of four TANF purposes:

- 1) To provide assistance to needy families
- 2) To end dependency of needy parents by promoting job preparation, work, and marriage
- 3) To prevent and reduce out of wedlock pregnancies
- 4) To encourage the formation and maintenance of two-parent families

As illustrated in the following graph, Montana’s welfare caseload declined from a high of 11,238 cases in February 1996 to a low of 4,390 October 2000. After October of 2000 the caseload began increasing and reached a new high of 6,462 cases in April, 2003. In August of 2003, the DPHHS implemented changes in the Administrative Rules of Montana and reduced the amount of the monthly cash benefit and the income level used in determining eligibility for the cash assistance program. Since the reduction in the benefit level, the cash assistance caseload has decreased with the July 2004 caseload of 5,060 being the lowest monthly caseload since March 2001.

Cash assistance costs to families reached a low of



\$21.8 million in fiscal 2000. In fiscal 2003 cash assistance costs were \$33.2 million, the highest annual total since fiscal 1997. These costs decreased to \$22.4 million in fiscal 2004, primarily due to the reduction in the monthly cash benefit paid to families and the decrease in the caseload. In fiscal 2003 the average monthly payment per case was \$450. This decreased to \$343 in fiscal 2004.

In addition to cash assistance costs, these funds support administrative costs, computerized systems for data reporting, job training and employment readiness services, and some childcare, child welfare and developmental disabilities services.

To be eligible for cash assistance benefits, the family’s countable income¹ must be at or below about 30 percent of the 2002 federal poverty level.³

In Montana, TANF and TANF MOE dollars support services for families below 150 percent of the federal poverty level. The table below shows the federal poverty level² for 2004.

2002 Federal Poverty Index				
Levels of Poverty by Family Size				
Size of Family Unit	Percent of Federal Poverty Level			
	30%	100%	150%	
1	\$ 2,658	\$ 8,860	\$ 13,290	
2	3,582	11,940	17,910	
3	4,506	15,020	22,530	
4	5,430	18,100	27,150	
5	6,354	21,180	31,770	
6	7,278	24,260	36,390	
7	8,202	27,340	41,010	
8	9,126	30,420	45,630	
Each Additional Person	924	3,080	4,620	

Services funded with TANF funds include:

- Cash assistance for the purchase of basic needs such as food, clothing, housing and personal care items
- Work supports such as transportation, vehicle repair, and items that assist individuals in continuing employment or becoming employed
- Education and training, excluding tuition

¹ Total income less allowable deductions

² Except TANF funds transferred to Title XX, the Social Services Block Grant and the Low Income Housing Revolving loan fund may be used to serve families up to 200 percent of the federal poverty level, and TANF funds used for child care serve families up to 150 percent of the federal poverty level.

³ TANF cash assistance benefit levels are based upon the 2002 federal poverty level rather than being indexed to the most current federal poverty levels.